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TRADE AND DEVELOPMENT BOARD
Standing Committee on Developing Services
Sectors: Fostering Competitive Services
Sectors in Developing Countries
First session
Geneva, 26 October 1992
Item 3 of the provisional agenda

ESTABLISHMENT OF THE WORK PROGRAMME OF THE STANDING COMMITTEE

Issues for consideration in the establishment of the work programme

Background note by the UNCTAD secretariat

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I. Introduction

1. At the second part of its thirty-eighth session held from 21 April to 7 May 1992, the Trade and Development Board established terms of reference for the Standing Committee on Developing Services Sectors, which specified that the Committee would hold separate sessions on services in general, shipping and insurance. This note addresses primarily the issues raised in paragraphs 1 and 2 of the terms of reference, as well as other items of a generally applicable nature, with a view to assisting the Standing Committee in establishing the work programme of the Committee in the area of services in general. Furthermore, it should be recalled that the analytical report to UNCTAD VIII (TD/358) includes a chapter on services which contains the findings of the UNCTAD secretariat on national and international policies and the emerging trends in the services sector and could therefore facilitate discussion on the work programme for services in general.

2. It should be borne in mind that in the past UNCTAD has gained considerable experience in the transport and insurance sectors which may contribute to the discussions on the work programme on services in general. For the separate sessions on shipping and insurance, additional background documentation has been prepared or is in the process of preparation. Such documentation takes into account the special features which are both general and specific in these sectors.

II. National policies

3. The overall objective of the Committee's work on national policies is ***to analyse and assist, as appropriate, in the formulation of national policies aimed at strengthening the production, export and technological capacity of services sectors, taking into account their level of development in different countries, with a view to contributing to development and, thus, increasing the participation of developing countries in world trade in services***. In carrying out this work the Committee is to focus on a ***review of the development of services sectors in developing countries and a comparative analysis of policies, including identification of domestic weaknesses and capabilities, aimed at creating the conditions necessary for the development of competitive services sectors and exports of services*** (Terms of Reference (TD/B/1323 (vol. II)), paragraph 1 (a)). Studies conducted by the secretariat under its mandate to study "the role of services in the development process", and the related technical assistance activities, have provided considerable insight into the domestic weaknesses and capabilities of developing countries in the services sector.

4. One obvious weakness shared by many developing countries is inadequate service infrastructures. In accordance with paragraph 1(b) of its Terms of Reference, the Committee is to consider ***policies aimed at developing and strengthening the institutional, technological and physical infrastructure relating to services***. In developing countries, large segments of the population do not have access to those essential services needed for the support of even basic needs, let alone efficient economic activity. Such sectors include education, health, transportation and communications, in which "modernization" often only benefits small percentages of the population usually located in urban centres. The growing interdependence of the world economy and increasing globalization of production processes require the provision of adequate transport processes which has led to an integration of shipping, ports and land-transport services and the emergence of the transport chain concept as embodied in multimodal transport operations. Furthermore, the existence of a modern telecommunications network has become the prerequisite for the development of competitive services sectors. These general infrastructural problems hinder the ability of developing country services producers to compete effectively with developed country enterprises in world markets and even in their own countries.

5. Developing countries are placed at a further disadvantage by financial weaknesses, including inadequate access to credit facilities, as well as lack of access to state-of-the-art technology and skilled personnel. Often the regulatory and institutional framework presents a further handicap. Government policies not conceived with a view to supporting the competitiveness of the services sector can inadvertently impede the development of competitive service enterprises. Examples of this would include trade policies that impede access to necessary equipment or material inputs, fiscal policies that inadvertently discriminate against services production and exports, investment policies that neglect human capital development, transfer of technology and infrastructural considerations, as well as agreements with foreign suppliers that may effectively bestow upon them privileges not shared by domestic service suppliers (i.e. more than "national treatment").

6. There is a clear trend away from the traditional attitude in many countries that the Government's responsibility to ensure access by the population to basic services at acceptable standards of quality implies government ownership of the production and distribution of such services. It is widely recognized that a combination of privatization and appropriate regulation can achieve greater efficiency while, at the same time, ensuring access to the services concerned for a wide spectrum of the population. Government regulations may contain aspects that fail to encourage the growth of specialized service suppliers and impede the process of externalization.

7. The process of development of competitive services sectors and externalization may be also frustrated for other reasons, such as obsolete attitudes within the private sector, in particular lack of awareness of the possibilities for investment and restructuring and of the optimum use of information. In this context, ***policies aimed at human resources development, the development of knowledge-intensive services, producer services related to primary and manufacturing sectors and telecommunications*** need to be addressed (Terms of Reference, paragraph 1(c)).

8. Inadequate services support for the manufacturing and other sectors undermines the ability of enterprises to maintain the degree of efficiency and quality necessary to meet international competition. Lack of access to specialized "knowledge-intensive" producer services detracts from the competitiveness of firms in the manufacturing, agro-industrial and services sectors. Lack of a domestic capacity in such producer services deprives the country of a main generator of human capital, of a catalyst for both services and manufacturing industries in the process of adaptation to technological advance and of the capacity to retain flexibility and dynamism in the productive process in response to challenges and opportunities in the world market. Inadequate services support is a disincentive to investment, both domestic and foreign. The net result of failure to develop the producer services sector is to detract from the overall ability of the economy to adjust to a more liberal environment for trade and investment.

9. Successful government policies for stimulating competitiveness in the services sector can be based on various techniques involving training, transfer of technology, support for export-oriented services, appropriate trade, government procurement and fiscal policies, infrastructural development, government-supported export credits, etc.. Some Governments have been able to recognize the contribution of the non-quantifiable aspects of certain services, such as media and other cultural services, to national identity and to the development process. Others are attempting to identify and stimulate those services crucial for effective protection of the environment. There are many other cases, however, where potentials for developing competitive services sectors have not been realized, even where the reasons for this have been identified. *A synthesis of the material prepared by the secretariat and currently available to it could contribute to the conduct of the review foreseen in paragraph 1(a) of the Terms of Reference. This material includes inter alia studies of the need for and use of producer services. However, as this material derives largely from technical assistance activities and thus is concentrated on countries that have solicited such assistance, there may be a need for additional work to ensure a wider sample of country experiences. In addition, countries may wish to make submissions to the Committee as to their experiences and policies in developing services sectors at the national level.*

10. The Committee on Developing Services Sectors is to focus on ***improving the capacity of individual countries, in particular developing countries, to benefit from information related to services production, trade and technology*** (Terms of Reference, paragraph 1(d)). Massive amounts of information relevant to production and trade in services is held by Governments, international organizations and private sector bodies, but rarely in a form directly usable by policy-makers and traders. A first step in addressing this problem would be to identify modalities by which access to this information could be facilitated and ways of formatting it so as to be of direct use to private

and public users. *In order to initiate work under this item, it would be necessary to identify the main sources of data and information relevant to the consideration of policy options by Governments and enterprises in various services sectors and, to the extent possible, to study specific experiences with respect to modalities to stimulate the effective processing of such information in a form required by Governments and traders.*

11. The factors affecting the development of competitive services sectors in developing countries, and the difficulties faced in enhancing their exports of services, differ in intensity from sector to sector. While some appear to apply widely (e.g. financial weakness, lack of state-of-the-art technology), others are relatively specific to the sectors in question (e.g. visas, professional qualifications, access to networks, quantitative limitations, etc). As recognized in the Committee's terms of reference, it is necessary ***to identify sector-specific policy options, with a view to developing competitive services sectors*** (Terms of Reference, paragraph 1(e)).

12. With a view to making the Committee's tasks more manageable in this area, there might be merit in the Committee introducing some sectoral specificity into its work. While it is clear that the Terms of Reference deliberately avoid indicating priority sectors or any suggestion of excluding individual sectors from the scope of the Committee's work, it might be useful to identify certain sectors on which work could be initiated on an illustrative or indicative basis, in addition to the shipping and insurance sectors. For example, work with respect to increasing the knowledge of laws and regulations concerning the services sector, or with respect to the collection and dissemination of statistics on trade in services, could begin by concentrating on a limited group of selected sectors.

13. In this context it should be noted that the following sectors were addressed in the Analytical Report to UNCTAD VIII, some of which are crucial to the development process and of actual or potential export interest to developing countries: (a) construction and engineering services; (b) professional and business services; (c) media services; (d) labour services; (e) air transport; (f) banking; (g) insurance; (h) tourism services; (i) telecommunications. *The Committee might consider it useful to request the secretariat to prepare sectoral studies and/or to convene expert groups with a view to identifying sector-specific policy options that could lead to the achievement of the Committee's objectives with respect to certain key sectors.*

14. The Committee is to ***analyze issues relating to access to information networks and distribution channels for services*** (Terms of Reference, paragraph 1(f)). World markets have increasingly come to be characterized by vertical integration and networking, i.e. the setting-up of systematic linkages among activities within the enterprise, between associated firms and with suppliers and customers. Through networking, various service providers coordinate their activities in order to attain economies of scale and scope, to create value added, and to compete against the networks of competitors. Although networking facilitates greater efficiency in the provision of services and often allows small and remote providers to benefit from electronic distribution networks, it reduces the incidence of arms-length relations and can also result in greater barriers to entry. The general problem of access to information networks involves a wider range of issues, including access to technology and maximization of value added. The competitive position of developing-country firms would be strengthened by the development of public networks, for example public R & D networks along the lines of ESPRIT in Europe, at the world level. It has also been stated that for many services the information network has become the distribution channel. Distribution, rather than material production, has become the "commanding element" in the value-added chains. Greater understanding of such phenomena could assist countries in formulating appropriate policies and regulations to confront the challenges of the "networked world economy". *The analysis by the Committee of issues relating to access to information networks and distribution channels for services could be facilitated through consideration of these issues by a group of experts, and as recognized in the Cartagena Commitment the participation of experts from the private sector is of particular importance.*

III. International policies

15. Concerning international policies to strengthen the export of services, the Committee is to focus on ***examining difficulties particularly faced by developing countries in enhancing exports of services, thereby increasing their participation in world trade in services*** (Terms of Reference, paragraph 2 (a)). In general, for a large number of developing countries, services are a deficit item in the balance of payments. However, many developing countries have a comparative advantage in labour-intensive services that could be supplied both through temporary movement of persons and cross border through telecommunication facilities. In considering the difficulties faced by developing countries in the export of labour-intensive services, appropriate national and corporate strategies as well as an international strategy need to be addressed.

16. In trade in goods, many developing countries have been successful in combining lower labour costs with access to technology and enhancing skill levels, as well as certain natural advantages, so as to increase their participation in international trade for certain key exports, including textiles and clothing, electronic goods and other light manufactures, steel, processed agricultural and tropical products, etc. This process has been greatly facilitated by the existence of a multilateral framework, based on the principles of most-favoured-nation treatment, national treatment on internal taxation and regulation, bound tariff rates and the elimination of quantitative restrictions, complemented by the GSP, which has provided developing countries with needed additional advantages in entering the world markets for manufactured goods. One of the preoccupations of negotiators in the Uruguay Round has been to design a multilateral framework to govern trade in services which will provide developing countries with similar opportunities to increase their participation in international trade in services. These negotiations have attempted to take into account the special characteristics that differentiate services trade from trade in goods, notably that at least one and in some cases all four "modes of supply", i.e. movement of consumers, capital and physical persons, as well as cross-border movement, are necessary for trade in services to take place and have provided a framework within which market access commitments with respect to each of these "modes" can be negotiated.

17. Trade in many services requires the temporary movement of physical persons, as service suppliers, across national frontiers. However, such movement would be more crucial to developing countries as they would seem to possess comparative advantages in labour-intensive services and lack access to alternative "modes". Developing countries would thus have the most to lose from restrictions on such movement, especially if the conditions for such movement are relatively more stringent for their citizens than for those of other countries. As is made clear in the relevant annex to the draft General Agreement on Trade in Services (MTN.TNC/W/FA), the objective is to provide for the possibility of negotiated specific commitments applying to the movement of all categories of natural persons providing services under the Agreement, not to interfere with immigration policies dealing with residence, citizenship or employment on a permanent basis. However, measures applied to regulate the entry, temporary stay and orderly movement of natural persons should not be applied in such a manner as to nullify or impair the benefits accruing under the terms of a specific commitment. Efforts to liberalize with respect to this mode will be negotiated within this framework.

18. However, the ability of developing countries to export labour-intensive services also requires the appropriate domestic organization at the corporate level so that human capital development and transfer of technology aspects can be maximized and the so-called "brain drain" effect reversed. It also requires a clear understanding of those skills for which world demand can be expected to increase, in order that appropriate national and corporate strategies can be designed. In this context, the Committee should consider ways and means of ***promoting efficient marketing of export-competitive industries and domestic labour skills***(Terms of Reference, paragraph 2(d)).

19. Even when persons are physically permitted to enter foreign markets, services suppliers may be impeded from exporting services by regulations, including licencing, aimed at ensuring adequate levels of education, skills and other qualifications. The draft General Agreement on Trade in Services recognizes that such regulations should be based on objective criteria and not constitute disguised restrictions to trade in services. However, as even the most ambitious efforts at economic integration have experienced, the recognition of standards is a difficult exercise and is hampered by the multiplicity of standard-setting and enforcement bodies and general lack of information.

More systematized information on criteria for the recognition of qualifications, as well as on international bodies active in the process of mutual recognition and harmonization, would seem necessary.

20. Labour-intensive services, particularly those in the "information service" category, can also be exported "cross-border" through telecommunication facilities, or "offline", thus not involving a significant movement of personnel. Some developing countries have demonstrated strong export competitiveness for the export of software, data entry, data processing and other computer-related services, although more needs to be understood about the factors that determine trade and investment flows in this sector and the contribution of foreign direct investment to the development of its competitiveness.

21. Another difficulty faced by developing countries in particular in enhancing their services exports relates to the dominant position of developed country enterprises in world trade in many service sectors. To compete effectively with such enterprises, developing country services suppliers would have to benefit from the policies aimed at overcoming their weaknesses at the national level and their difficulties in penetrating foreign markets referred to above. To a certain extent, developing country suppliers may be disadvantaged by restrictive business practices of competitors, such as those types of practices that have prompted certain new competition legislation in recent years (e.g. collusive tendering, anti-competitive mergers, etc.). In addition, the types of unfair trade practices that prevail in trade in goods may similarly distort services trade, notably subsidies and dumping practices, although these may be relatively more difficult to detect in the services sector. Indeed, their presence is beginning to attract attention and provoke proposals for remedial action.

22. *Countries may wish to make submissions to the Committee on their experiences and policies. Moreover, with a view to enhancing its ability to assist in the formulation of national policies contributing to the increased participation of developing countries in world trade in services, the Committee might wish to address, at the expert level, the development of competitive service industries based on domestic labour skills and the difficulties faced in the export of such services, including their efficient marketing. Member States may also wish to provide the Committee with examples of unfair trade practices which they consider affect their ability to enhance their exports of services or which inhibit them from accepting a greater degree of liberalization in specific sectors.*

23. The Standing Committee on Developing Services Sectors is to focus on the ***impact of progressive liberalization in the development of competitive services sectors*** (Terms of Reference, paragraph 2 (b)). In this context, it should be recalled that in the Uruguay Round negotiations on trade in services, one of the main preoccupations of developing countries has been whether developing country suppliers would be able to benefit effectively, in terms of increased exports of services, from market access commitments. At the same time, developing countries were unsure of the ability of their firms to compete with developed country enterprises which could take immediate advantage of liberalization in their own domestic markets. There has also been concern that a general liberalization of trade in services would result in a concentration of key knowledge-intensive services around the main financial and commercial centres in developed countries, leaving developing countries on the periphery. Another area of concern for developing countries in this respect is the identification of ways and means to ensure that foreign service providers that benefit from liberalized market access accept conditions designed to strengthen the domestic services capacity of developing countries.

24. *The Committee should be informed of actual experiences with liberalization in trade in services, including those in the context of regional integration agreements, particularly where liberalization has covered the four different modes of delivery. The Committee may also wish to consider developing country experience with such liberalization in the context of structural adjustment programmes. On the basis of the above, the Committee could assess the impact of liberalization and draw appropriate policy recommendations from such experiences.*

25. The Committee is also to focus on ***"policies aimed at enhancing cooperation with other countries, at regional, subregional and interregional levels, including mutual trade liberalization, pooling capabilities to improve skills, distribution networks and infrastructure development"*** (Terms of Reference, paragraph 2 (c)). Many free trade areas, customs unions and other economic cooperation arrangements have not taken full account of the need to extend such cooperation to the services sector. The Commitee could make a major contribution to appropriate policy formulation in this area by conducting a review of the experience of cooperation arrangements at the interregional,

regional and subregional levels, so as to enable all members to benefit from the experience of other groups. *To facilitate the Committee's consideration of this item, the secretariat could prepare a study of experiences of countries with cooperation agreements at the subregional, regional and interregional levels, aimed at faciliating mutual trade in services. Members could also make submissions of relevant documents and studies relating to their experience in this respect.*

26. The Committee, pursuant to paragraph 2(e) of its Terms of Reference, should ***increase knowledge of laws and regulations concerning the services sector with a view, inter alia, to adapting them to the requirements of increasing globalization of services, promoting transparency and mutual knowledge of the pertinent regulations.*** Owing to the special characteristics of services, they are more highly regulated than the production of goods. The pervasiveness of regulations on services differs in its extent and nature in different countries. At the multilateral level, some services are subject to a carefully articulated structure of agreements and others to none at all. The regulation of services is much more prevalent at the national level. Such regulation may apply to the quality of the service, the activity of providing it, and/or the service provider, whether a natural or juridical person. Regulations introduced to enforce standards have special significance in different sectors; for example in financial services they are for prudential reasons, in professional services they ensure professional qualifications, in the audio-visual context they ensure cultural content and national identity, and in telecommunications they relate to technical levels and compatibility. Many developing countries have an inadequate regulatory structure for developing and strengthening certain services sectors.

27. Laws and regulations of a horizontal nature, for example on investment, immigration and fiscal matters, can affect all services sectors, although their impact may be relatively greater on some of them. Others are clearly sector-specific , while some, such as regulations on professional qualifications, may have been formulated and implemented by professional bodies whose authority in this respect is recognized by governments at different levels. Such laws and regulations can be applied at the international, national, and provincial, state or local levels. Many laws and regulations are drawn up without considering their impact on the development of domestic services capacity or trade and may have an adverse effect. Another issue is how countries have adapted their laws and regulations to globalization, technological advances, changing institutional structures, new services and integration of markets.

28. *The examination by the Committee of the types of legislation and regulations governing production and trade in services and experiences with respect to both "deregulation" and the adaptation of laws and regulations to globalization could be facilitated by an inventory of laws and regulations prepared by the secretariat on the basis of its own research and submissions by members of the Committee. Information on laws and regulations relating to the services sector would improve the capability of policy-makers and investors to take appropriate decisions to enhance the efficiency and competitiveness of services.*

29. Collecting and disseminating statistics on trade in services in areas where such collection or dissemination is not done by other international organizations and defining ways to improve such collection and dissemination is another task of the Committee under paragraph 2 (f) of its Terms of Reference. Important efforts are being made by Governments and international organizations to improve services statistics at national and international levels (e.g. the "Voorburg group"), but comparable services statistics are not disaggregated and do not identify trade flows. The adequacy of statistics also differs in different sectors. There is a need for information on the adequacy of statistics, the collection of comparable statistics and their disaggregation. In this respect, close coordination between international organizations involved in collection and dissemination of such statistics is required. There is also a need for strengthening the data base on services. The recommendations of the Committee could contribute to: (i) developing countries' efforts to improve the statistical methodology used by them in their studies of the role of services in their development process so as to permit a reformulation of development strategies; and (ii) the development of internationally comparable data of sufficient detail and accuracy to permit developing countries to participate in international negotiations on trade in services and formulate service export strategies. *Information on the evolution of work on statistics and an improved understanding of services production, international services transactions, and specific services activities such as producer services and information services could be provided by member States with the aim of assisting the Committee to identify the most important work in this field and identify the key problems, particularly in developing countries and countries in transition. The absence of adequate statistics affects the capability of policy-makers and investors to take appropriate decisions.*

30. In addressing the above-mentioned issues, in particular those relating to paragraphs 1(a), 1(b), 1(e), and 2 (e) of the Terms of Reference, the Committee should take into account paragraph 5 of the Terms of Reference which provides that ***the Committee, in implementing its functions, should pay due attention to the role of services in market-oriented development, including issues related to privatization and deregulation.***

31. Moreover, pursuant to paragraph 6 of the Terms of Reference, ***in implementing the above, the Committee shall take into account the work undertaken by the Intergovernmental Group of Experts on Restrictive Business Practices.*** The consideration of the issue of restrictive business practices is of particular importance in the context of addressing paragraphs 1(f), 2(a) and 2(b) of the Terms of Reference.

32. In the case of countries undergoing transition to a market economy, the problems are different and more acute, as previous economic policy resulted in considerable neglect of the services sector, particularly those services that fall in the category of producer services. Priorities would seem to include the establishment of appropriate legal structures to stimulate the development of these services, as well as to identify areas where trade and investment arrangements with other nations could assist these countries to strengthen their services sectors and facilitate the structural adjustment process, while enhancing their exports of services. *In order to assist the Committee in its consideration of the role of services in market-oriented development, the countries in transition could make submissions on their experiences with respect to the development of their services sectors and their exports of services. The secretariat, in the preparation of its studies, would take into account such experiences.*

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Standing Committee on Developing
Services Sectors: Fostering
Competitive Services Sectors in
Developing Countries: SHIPPING
First session
Geneva, 2 November 1992
Item 2 of the provisional agenda

ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

Provisional agenda, annotations to the provisional agenda and suggestions for the organization of the work of the Committee

Note by the UNCTAD secretariat

I. PROVISIONAL AGENDA

1. Election of officers

2. Adoption of the agenda and organization of work

3. Establishment of the work programme of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries: Shipping

4. Provisional agenda for the second session of the Standing Committee (Shipping)

5. Other business

6. Adoption of the report of the Standing Committee (Shipping) to the Trade and Development Board.

GE.92-52078/0752K (E)

II. ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1: Election of officers

Rule 18 of the rules of procedure of the main Committee of the Trade and Development Board states that: "At the commencement of the first meeting of each regular session, the Committee shall elect a Chairman, five Vice-Chairmen and a Rapporteur from among the representatives of its members. These officers shall constitute the Bureau of the Committee. In electing the officers, due account shall be taken of the need to ensure an equitable geographical distribution". Moreover, rule 19 indicates that "the Bureau of the Committee shall consist of seven members, including four members from Groups A and C combined, two members from Group B and one member from Group D, referred to in the annex to General Assembly resolution 1995 (XIX) as amended".

Item 2: Adoption of the agenda and organization of work

The Standing Committee may wish to adopt the provisional agenda, as set out in section I above. Section III and the Annex to this note contain suggestions for the organization of the work of the Committee.

Item 3: Establishment of the work programme of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries: Shipping

Document: "Draft programme of work of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries: Shipping" (TD/B/CN.4/4).

This document is intended to assist the Standing Committee in its deliberations to determine the elements and priorities of its programme of work. The draft programme is based on the orientations and principles decided upon at UNCTAD VIII and incorporated in the terms of reference of the Standing Committee adopted by the Trade and Development Board at the second part of its thirty-eighth session. It equally reflects major issues identified by the secretariat and set forth in chapter II.A. of the document, as well as recommendations of various groups of experts which have been convened since June 1990 and which specifically addressed the issue of possible future work of UNCTAD in the field of shipping, ports and multimodal transport.

Item 4: Provisional agenda for the second session of the Standing Committee (Shipping)

In accordance with rule 8 of the rules of procedure of the main Committees, the secretariat will submit during the session a draft provisional agenda and a proposal for the convening of the second session of the Standing Committee (Shipping).

Item 5: Other business

Item 6: Adoption of the report of the Standing Committee (Shipping) to the Trade and Development Board

The report of the Standing Committee (Shipping) will be submitted to the Trade and Development Board at the second part of its thirty-ninth session.

III. SUGGESTION FOR THE ORGANIZATION OF WORK

Pursuant to a decision taken by the Trade and Development Board at the second part of its thirty-eighth session, the Standing Committee's session on shipping is scheduled for five working days, from 2 to 6 November 1992. The session will commence on Monday, 2 November at 11.00 hrs.

Throughout the session, facilities will be available for two simultaneous meetings with interpretation, both in the morning and in the afternoon. Normal meeting hours are from 10.00 a.m. to 1.00 p.m. and from 3.00 p.m. to 6.00 p.m. Limited facilities for group meetings will be available on request.

Regarding the organization of work, it is suggested that the Committee, after a general debate with general statements, may wish to convert the plenary session into an informal sessional meeting.

It is suggested that the informal sessional meeting would have the same Bureau as the Standing Committee.

It would expedite the work of the Standing Committee if written proposals could be submitted as early as possible during the session. The Committee may wish to establish a deadline for the submission of written proposals.

A tentative schedule of meetings, drawn up on the assumption that plenary will be converted into an informal sessional meeting, is shown in the Annex.

Annex

TENTATIVE SCHEDULE OF MEETINGS

Monday, 2 November 11.00 a.m. (plenary)	Item 1: Election of officers Item 2: Adoption of the agenda and organization of work Item 3: Work Programme on the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries: Shipping
Tuesday, 3 November 10.00 a.m. (sessional meeting)	Item 3: Work programme ... (continued)
Wednesday, 4 November 10.00 a.m. (sessional meeting)	Item 3 (continued)
Thurdsay, 5 November until noon (sessional meeting)	Item 3 (continued)
Friday, 6 November (p.m.) (plenary)	Item 3 (concluded) Item 4: provisional agenda for the second session of the Standing Committee (Shipping) Item 5: Other business Item 6: Adoption of the report

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DRAFT PROGRAMME OF WORK OF THE STANDING COMMITTEE ON DEVELOPING SERVICES SECTORS: FOSTERING COMPETITIVE SERVICES SECTORS IN DEVELOPING COUNTRIES: SHIPPING

Prepared by the UNCTAD secretariat

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GE.92-52084/4860B (E)

I. INTRODUCTION

1. At its eighth session the United Nations Conference on Trade and Development took important decisions on the institutional reform of UNCTAD to enable it to respond to the new challenges posed by profound transformation in the world order. At the same time the Conference agreed on a reorientation of the substantive work of UNCTAD and defined priority areas and new methods of work. In implementing these new principles the Conference decided to suspend the existing main Committees of the Trade and Development Board, including the Committee on Shipping. They have been replaced by four Standing Committees, one of which is the Standing Committee on Developing Services Sectors which will also deal with shipping matters.

2. In its substantive deliberations on services, the Conference focused on enabling developing countries to benefit from the liberalization of trade in services and on increasing their participation therein. It urged the international community to support the efforts of developing countries to strengthen their productive and export capacity in all service sectors, including shipping. The Conference stressed the need for international cooperation to assist developing countries in improving their international competitiveness and in expanding the contribution of services to their sustainable development. The Conference furthermore recommended that attention be given to increasing trade in services in countries undergoing the process of transition to market economies.

3. Subsequent to UNCTAD VIII, the Trade and Development Board, at the second part of its thirty-eighth session, adopted the terms of reference for the newly-created Standing Committees. In the field of services the Board took the opportunity to revise the previous terms of reference of the Committee on Shipping and to adapt them to new realities. Consequently, it was decided that the Standing Committee, in the field of shipping, should concentrate, inter alia, on reviewing shipping policies in order to identify elements leading to the development of competitive shipping services, enhancing the participation by developing countries in world shipping, reviewing technological developments affecting maritime transport, the consideration of conditions facilitating intraregional and interregional cooperation, efficient conduct of multimodal transport processes and the consideration of various aspects related to increasing efficiency of port operations.

4. The present draft programme of work reflects the terms of reference adopted by the Board as well as major substantive issues affecting the development of shipping and related transport in developing countries. It is intended to assist Governments in their deliberations at the first session of the Standing Committee on Developing Services Sectors (Shipping) to determine the elements and priorities of a programme of work. The draft programme equally takes into account recommendations of various Groups of Experts which were convened recently and which specifically addressed the issue of possible future work of UNCTAD in the field of shipping, ports and multimodal transport. These groups were:

- in shipping, the Group of Experts on Shipping Policy, convened by the Secretary-General of UNCTAD in May 1992; 1/

- in multimodal transport, the Group of Experts on Multimodal Transport, established by resolution 67 (XIV) of the suspended Committee on Shipping and convened in March 1992; 2/ and

- in ports, the Ad hoc Intergovernmental Group of Port Experts, which met in September 1990. 3/

5. A background document (UNCTAD/SHIP/643) summarizing the main findings and recommendations of the studies so far completed in the fields of shipping, ports, multimodal transport as well as technical assistance and maritime legislation has been prepared by the secretariat to facilitate the work of the Committee. Delegations may wish to make use of this document in determining priority areas for the future work programme.

6. As reflected in the Cartagena documentation, it is understood that the actions outlined in this programme also encompass, as appropriate, activities related to countries in transition of Central and Eastern Europe, including the States of the former Soviet Union. In the four-year period between UNCTAD VIII and UNCTAD IX in the above-mentioned fields, efforts will be further strengthened to secure the support not only of governments for this programme but also that of the NGOs, the private sector and research institutions.

II. DRAFT PROGRAMME OF WORK (SHIPPING)

A. Issues to be addressed

7. Work to be carried out in the field of maritime and related transport services shall concentrate on analysing ways in which maritime transport can most beneficially develop, thus contributing to the accelerated development and facilitation of international trade, in particular of developing countries, bearing in mind the relationship between the provision of maritime transport and other sectoral services. Particular attention should be paid to the analysis of economic and development aspects of shipping as well as to the related national policies, thus also determining the contribution of the maritime and related transport services to a process of achieving sustainable development.

8. The growing interdependence of the world economy and increasing globalization of production processes depend on the provision of adequate transport processes. Consequently, maritime transport in developed countries has undergone a process of structural and organizational changes leading to an integration of shipping, ports and land-transport services and the emergence of the transport chain concept as embodied in multimodal transport operations. This new approach to international transport has, however, been largely confined to trades between developed countries. Developing countries in their majority have so far not been able to create the necessary conditions for a new transport system to be introduced and have consequently largely failed to draw potential benefits therefrom.

9. In order to ensure that developing countries benefit from the provision of efficient ocean transport and related services and increase their participation therein, a number of institutional and operational issues will

have to be addressed both at the national and international levels. There is a need for national, regional and international shipping policies based on the new realities in the global economy and the growing interdependence in all services sectors. Such policies must aim at improving the efficiency of all services related to transport and infrastructure facilities. Commercialization and privatization of public sector companies are primary means of freeing this sector from the still prevailing public services approach with its inherent tendency to conceal inefficiencies. These structural adjustments are necessary to improve conditions for intensified cooperation aiming at reducing the technology gap between developed and developing countries in maritime and related transport and accelerate the development of this sector.

10. For developing countries to maintain or, in most cases, to gain a significant position as producers of maritime transport services, where ownership and flag are no longer central elements, it is crucial that competitive and exportable services be produced that can be offered in an increasingly international market. Developing countries' carriers can generally not restrict their activities to national trades as only a limited number of countries have a sufficiently wide cargo base to ensure commercially-sound shipping services while at the same time fulfilling the demand of shippers for the provision of "adequate" shipping services.

11. Another important problem to be addressed relates to the ownership of shipping companies in developing countries. While this is generally a function of economic policies pursued, in most developing countries shipping is considered a strategic industry and ownership of the companies lies with the State. Even though public ownership does not need to present a problem as such, experience in a number of countries has revealed consequent shortcomings at the managerial level as well as in the attitude of the single shareholder in respect of the financial performance of the company. In order to overcome these problems a programme of commercialization should be set in motion, which should be accompanied by at least partial privatization of national shipping companies.

12. The traditional role of shippers' councils of negotiating freight rates is losing its importance owing to the large-scale breakdown of conference rates structures. Thus, the tasks of a modern and effective shippers' council in a developing country have to go beyond those traditionally performed and be extended to assisting shippers in resolving their daily transport problems and providing advice on practical transport-related issues.

13. The commercialization and in particular the privatization of national fleets require a number of preparatory and supporting measures. These concepts are not an end in themselves, but have to be seen as instruments aiming at the provision of more efficient shipping services. Consequently, they have to be accompanied by a regulatory policy framework aiming at creating or maintaining a certain level of competition between operators. Furthermore, countries might require increased external assistance in the implementation of policies, including in the necessary restructuring of existing maritime institutions.

14. The change in policy direction towards liberalization and removal of market access restrictions has to be seen as a tool provided for the beneficial development of commercially viable shipping services and shipping companies. A larger scale elimination of protective policy elements, while unavoidable, will have to be handled with caution to avoid a situation where existing shipping companies disappear before they are even given the possibility to prove their commercial justification. The problems faced by a major part of the shipping industry of developing countries cannot be resolved overnight. The attainment of a truly liberalized market environment will thus have to be subjected to a phased approach including a transition period which will give developing countries sufficient time to undertake the necessary structural adjustments in their shipping engagement. It is important that the notion of transition not be understood as involving a time-frame only, but above all as a concept of cooperation with the active participation of developed countries geared to achieve necessary restructuring as quickly and smoothly as possible.

15. In the context of integrated transport systems, ports can no longer be considered as terminal points of a transport mode but an essential link in a transport chain. In order to fulfil such a role a number of ports have developed into service centres. The underlying concept of these services centres is to upgrade port activities from pure cargo handling at terminal points to offering a comprehensive transport service package. This concept implies that the port offers services indispensable for the optimization of the whole transport chain. In developing countries, the concept of ports acting as service centres is only very slowly gaining ground. Most ports have tended to remain terminal points, thus making only a limited contribution to the integration of transport processes. Transshipment, distribution centres and trade platforms are all new functions ports are developing to increase their value-added activities. However, unless such changes take place, developing countries may be deprived of the benefits of improved transport systems and be left with heavy investments in transport infrastructure and equipment that may not show the anticipated return.

16. One of the means used by some countries to improve the efficiency of the port sectors is the revision of the role of the public sector in ports. Action taken basically relates to the implementation of privatization and commercialization programmes. The objectives of privatization are to relieve the strains on the national budget, diversify sources for raising equity capital, improve the efficiency of the enterprise, relieve the administrative burdens on government and encourage employees to become shareholders.

17. Containerization has transformed ports and required huge investments. New sizes of containers threaten to force the replacement of equipment before it is fully amortized. Post-Panamax container ships require additional investment in container cranes and possibly strengthening of quays. Electronic data interchange (EDI) is another major change facing ports, which calls for significant investments. The development of international standard codes for ports and ship types are important developments to facilitate EDI.

18. In order to improve the quality of service, a modification of out-dated labour regulations as well as the development and motivation of human resources are essential. In ports of most developing countries there is a

vast need for the training and retraining of staff. New equipment and new procedures resulting from technological change is the main reason as well as the desire to make employees more involved and build up a team spirit.

19. The interface between ships and seaports has greatly improved through containerization while the interface with land transport has lagged behind. Attitudes of all those involved in the transport chain need to change, improved coordination and interaction within the transport chain is required, documentation procedures and formats need to be streamlined, simplified and standardized, the international trade financial transaction process needs to be simplified, the use of the sea waybill should be promoted, introduction of EDI should be accelerated, and inland infrastructure development should be linked to port developments.

20. The 1990s will see new and more structured approaches to environmental management of ports. This stems from the implementation of the principles and objectives of sustainable development and integrated methods of environmental planning and management. Port authorities have to accept the responsibility for sound resource management and environmental protection of port and adjoining coastal zones. Planning for the port would thus involve an optimization of economic activities bearing in mind social and environmental costs. Consequently, port authorities would cooperate with environmental agencies at all stages of the planning process. It is important that Governments and port authorities consider allocating funds to resource management to contribute to the global goal of sustainable development.

21. Transport no longer constitutes an isolated process of moving goods from one point to another but has become an integral part of total production and marketing processes. As a consequence, commercial parties - particularly in North-North trades - are now requesting that such a transport operation be performed under the responsibility of a unique transport operator, as a multimodal transport operation. Being responsible not only for the provision of appropriate transport means but also for the safe delivery of the goods at destination, this operator makes the best use of available transport subsystems with a view to assemble the most efficient and secure transport chain and to reduce transport-related costs, as well as financial costs.

22. Multimodal transport is a service activity. Transport operators are engaged in a fierce competition to satisfy increasingly sophisticated users' needs. This competition is expanding from North-North trade routes and is now being applied to trades involving developing countries. Transport operators are performing a commercial activity which requires national legal frameworks to secure minimum standards in the provision of services, as well as some protection of the interests of the various commercial parties involved. Finally, multimodal transport is an international activity: goods are passing from one country to another and are using various transportation modes; they are subject to different fiscal regimes and are exposed to different responsibility regimes, which both might call for harmonization.

23. Because of its threefold nature: service, commercial and international activity, multimodal transport can only develop through concerted and market-oriented actions between Government authorities and commercial parties; transport providers and users. The late expansion of multimodal transport

towards developing countries is essentially due to communication problems between these entities: lack of preparedness of developing countries' governmental and commercial parties, aggravated by a parallel lack of regulations concerning multimodal transport; and poor level of information and/or understanding of the entire concept and of its influence on national transport capabilities and economies.

24. Because of the complexity of the multimodal transport concept, which not only covers the economic, commercial and operational aspects of the international movement of goods but also all issues related to the responsibility on those goods while travelling, multimodal transport is often hindered by a number of problems which can be described as follows:

(a) the regulatory environment related to trade and transport in most developing countries is often made up of a network of provisions of procedural rather than legal nature;

(b) complicated procedures, including Customs formalities, are sometimes not the result of legally binding regulations or international conventions, but are merely procedures which have developed over the years and which could be simplified without major legislative change;

(c) national trade-related and transport-related legislations are not up to acceptable international standards;

(d) exchange control regulations do not cover the use of multimodal transport documents in documentary credits issued and advised by the commercial banks. Because of the scarce foreign currency funds, opening of a letter of credit is often delayed for long periods of time;

(e) the current status and legal scope of national multimodal transport operators often do not allow them access to the necessary foreign exchange required to operate as international freight forwarders or multimodal transport operators.

25. Among the problems is also the inappropriate choice of trade terms (INCOterms) by commercial parties. Their choice, today, restrains the country from reaping substantial foreign currency savings and promoting the development of local international transport operators.

26. Port authorities, road and rail transport organizations lack coordination and their operations are not always reliable. They do not take advantage of modern transport-related technology such as: containerization, electronic data interchange (EDI) and computer-based management, as means for streamlining throughput and reducing transport costs. There is a lack of modern container transport regulations.

27. In order to reduce the inefficiencies of their national transport and trade system, and to introduce an appropriate environment for the development of multimodal transport, governments should take into consideration the following groups of measures:

(a) regulatory measures to harmonize transport liability regimes and insurance practices, and to provide an appropriate legal framework for the establishment and development of local multimodal transport operators;

(b) trade and transport facilitation measures (Customs regulations, trade and transport documentation, electronic data interchange technology, etc.) and their acceptance by the trading community, transport operators, government agencies, banks and insurance companies;

(c) development policy measures to secure the smooth development of Customs and transport operations/services and to avoid misallocation of resources, particularly regarding the computerization of trade and transport processes (e.g.: ASYCUDA in Customs administration procedures, ACIS in cargo tracking operations, or the use of EDI and UN/EDIFACT standards in commercial transactions) and the improvement of physical infrastructure (Customs facilities, inland clearance depots, intermodal transfer facilities, etc.) and transport equipment.

28. These measures could be formulated as a result of a dynamic and progressive process supported by the necessary levels of policy analysis, conceptual innovation, research and inputs from both governmental and non-governmental experts and actors. Better cooperation between the public and private sectors in the national trade and transport fields should therefore be encouraged by establishing, jointly with the Government, national working groups which can discuss and thus understand the complex issues of the multimodal transport environment and recommend for consideration policy and operational measures to governments and other parties concerned.

29. Ultimately the availability and efficiency of maritime related services depends on the organizational skills, technical knowledge and management abilities of responsible personnel in the private and public sectors. The Committee is therefore concerned with human resource development and the need, in particular, to upgrade shore-based management skills for international transport and related services.

30. Limited human resource bases hinder the role of good management in the trading and transport sectors. Good management encompasses governmental action to establish appropriate frameworks and rules of the game for the effective and proper functioning of markets and a healthy climate for economic activity. Good management also entails the provision of the necessary physical and social infrastructure, concern for the environment, the pursuit of sound macroeconomic policies, the creation of a conducive policy environment, and the development of the human resources required to support economic activity and policies that respect efficiency in the use and allocation of resources. Further, good management requires clear legal frameworks, rule setting and decision-making, as well as transparent processes for the sound management of resources. These practices are prerequisites for the effective development and use of transport.

B. Draft programme of work

1. Shipping

31. Work to be carried out in the field of shipping shall concentrate on analysing ways in which maritime transport can most beneficially develop, thus contributing to the accelerated development and facilitation of international trade, in particular of developing countries, bearing in mind the relationship between the provision of maritime transport and other sectoral services.

32. Specifically, the Committee will focus its work on:

(a) Monitoring developments and analysing related policy issues

(i) Policy issues

- comparative analysis of national shipping policies and their impact on fleet development and service qualities;
- impact of liberalization on fleet development;
- strategies for privatization and/or commercialization;
- analysis of possibilities of cooperation of developing countries at the levels of policy formulation and implementation as well as shipping operations, including the establishment or improvement of intraregional shipping services;
- analysis of conditions for registration of ships and possible action towards implementation of provisions of the United Nations Convention on Conditions for Registration of Ships;
- analysis of legal and commercial conditions which govern fleet development or ship financing;
- promotion of strategies for the establishment of national institutional environment aiming at fostering competitive shipping services;
- application of the provisions of the Convention on a Code of Conduct for Liner Conferences in a liberalized trade environment;
- annual Review of Maritime Transport;

(ii) Issues related to markets

- analysis of the impact of organizational and structural developments on developing countries shipping services;

- analysis of changes in shipper requirements regarding quality and conditions of service, including the relative importance of inventory cost and freight rates and their influence on shippers' decisions on mode and carrier;

- development of shipper/shipowner relations;

(iii) Management issues

- providing assistance in human resource development;

- undertaking feasibility studies for ship acquisition;

- assisting in establishing corporate planning procedures and mechanisms.

(b) Outputs

33. Substantive reports will focus on:

- national shipping policies being undertaken in different countries on liberalization, privatization, etc., and their evaluation;

- national arrangements for fostering a competitive international shipping industry;

- factors which determine the success or failure of developing countries in shipping (such a study may take into account the wider or macroeconomic impacts of shipping in developing countries);

- further in-depth analysis of the ongoing structural and technological developments affecting shipping;

- review and update the recommendations in economic cooperation among developing countries in the field of shipping, ports and multimodal transport;

- changes in shipper/shipowner relations and their implication on the structures and functions of shippers' councils;

- application of existing international instruments in a general environment of progressive liberalization of trade in shipping services;

- necessary restructuring of national shipping lines to increase market orientation and to ensure provision of competitive shipping services;

- human resource development in shipping;

- review of maritime transport.

2. Ports

34. Bearing in mind the important role an efficient port plays in developing trade and its linkage with other service sectors, the main activities should focus on the following:

(a) Monitoring port developments

- Structural changes in trade and their impact on ports: i.e. global markets, trade networks, just-in-time delivery, rationalization of production, distribution and value-added centres, trade logistics platforms;

- Structural changes in transport and their impact on ports; economies of scale, containerization, transshipment (hub and feeder ports), distribution and storage, rationalization and integration of transport chain;

- Technological changes in trade and transport and their impact on ports;

- Institutional changes in trade and transport and their impact on ports: i.e. decentralization, commercialization, privatization, transition to market economies, consolidation of transporters, creation of port communities, environmental regulations, dry ports, free ports, port state control.

(b) Outputs

35. The outputs should be structured and related to the following issues:

(i) Economic, commercial and financial

- Guidelines on port statistics and performance indicators;

- Reference material for port planners;

- Strategic port pricing and port marketing;

- Financing port development and improving cost control;

- Development of free ports.

(ii) Organizational and management

- Methods to develop the port community;

- Administrative structure of ports;

- Human resource development and management;

- Experiences in privatization and commercialization of port facilities;

- Strategic planning for port authorities;

- Risk management and insurance for port facilities and equipment;

- Port management monographs on specific topics.

(iii) Operational

- Break-bulk, neo-bulk, container and bulk terminal operations;

- Computerization, documentation and preparing for EDI;

- Equipment management and maintenance;

- Management of distribution parks.

(iv) Legal

- Port and labour regulations (organization, operations);

- Leasing of port assets;

- Management and ownership of port lands;

- Protection of port interests;

- Liability and responsibility of port authorities and terminal operators and legal insurance requirements.

(v) Environmental

Economic aspects of:

- Environmental audits;

- Management of dangerous and toxic goods in the port area;

- Waste reception facilities;

- Disposal of dredged materials.

3. Multimodal transport

36. Activities in multimodal transport, containerization and technological development should focus on:

(a) Monitoring developments

(i) Structural changes in transport supply:

- Development of multimodal transport systems with potential global effects;

- Possible entry barriers to freight forwarders and multimodal transport operators wishing to enter the international transport market;

- Migration of multimodal transport into physical distribution or "total transport" chains;

- Development of multimodal sea/air transport services;

- Developments in the container-leasing industry, including their effects on developing countries;

- Development of new transport infrastructure with potential global effects (alternatives to the Panama Canal, the advent of double-stack trains in countries other than those where they already exist, etc.);

- Effects of increased competitiveness and liberalization policies on the transport sector of developing countries.

(ii) Structural changes in transport demand:

- Emerging transport and total distribution needs of infant industries in developing countries; and

- Changes in economic systems and their impact on international trade flows and international transport needs.

(iii) Changes in transport technology:

- Developments in EDP in the context of modern transport and the effects of the introduction of EDI development for "multimodal transport systems" relying on EDI and similarly advanced procedures;

- Developments in containerization and related transport technology with potential impacts on countries' transport infrastructure and investment requirements, including maintenance and rehabilitation of those facilities and possible cost recovery schemes;

- Developments in the field of standardization of containers through monitoring and participation in the work of ISO TC104.

(iv) Changes in the institutional environment in developing countries

(b) Outputs

37. Reports should concentrate on individual countries or regions and focus on:

(i) Economic and commercial issues:

- Impact of multimodal transport systems and tariffs on trading opportunities including the need to encourage the creation of joint-venture multimodal transport operations;

- Feasibility of creating national or subregional container pools among multimodal transport operators in developing countries;

- Evaluation of the impact of the introduction of ISO Series 9000 quality standards on the commercial and human resources of transport providers and users from developing countries; and

- Reference document (MT Handbook) for officials and practitioners, setting out the basic concepts of multimodal transport and the major issues to be tackled by the private and public sectors in the process of developing multimodal transport in a country.

(ii) Operational issues:

- Development of inland waterway transport operations in multimodal transport;

- Impact on the transport industry of developing countries of the introduction of EDI and the importance of EDIFACT for effective trade and transport, having due regard for the need to standardize procedures and documentation as the first step in the EDI process;

- Human-resource development management in the field of freight forwarding and multimodal transport.

(iii) Legal issues related to the development of multimodal transport, containerization and technological development:

- Aspects to be considered in the harmonization and subregional coordination of the development of multimodal transport, in consultation with FIATA and other NVO-MTO organizations as appropriate; and

- Introduction of guidelines and models for the harmonization and simplification of administrative and Customs procedures.

4. Maritime and transport legislation

38. In the field of maritime and transport legislation, the activities of UNCTAD should aim at facilitating international trade and transport in developing countries by promoting and establishing a framework of modern, commercial, economic and administrative norms and standards within which industry can operate efficiently. Account will need to be taken of the recent political, social and economic changes which have an impact on international trade and transport. Areas where existing national laws and practices create barriers to efficient transport development will need to be identified with a view to improvement. Activities in the field of maritime and transport legislation should therefore concentrate on the following:

(a) Monitoring developments

(i) Implementation of new transport concepts

- legal aspects of the transport chain; liability regimes; identification of legal obstacles.

(ii) Harmonization of existing legal systems

- efforts to develop consensus on the applicability of harmonized international legal norms and standards providing practical basis for the use and hire of ships.

(iii) Contribution to the implementation of international legal instruments

(iv) Monitoring of legal problems encountered by developing countries with regard to efforts of privatization and regional cooperation

(b) Substantive outputs

- reports dealing with various legal issues governing the transport industry and other service sectors;

- direct assistance on request of developing countries and countries in transition;

- assistance to developing countries to update their maritime and transport legislation;

- developing model legislation.

5. Technical cooperation in the field of transport

39. Depending on the availability of resources and bearing in mind that ILO and IMO are dealing with social and technical issues of maritime transport, technical cooperation activities should be provided on a national, regional and interregional level and should particularly focus on:

(a) Shipping and related services

40. Assistance to developing countries to enable them to develop competitive maritime transport services through advice and training, including on-the-job training with regard to:

(i) Economics and management of shipping including the feasibility of establishing or expanding national or multinational merchant marines taking into account national and regional policy approaches and based on the analysis of national and regional development requirements;

(ii) Transport pricing and improvement of transport efficiency including advice on possible operational arrangements and structural adjustments;

(iii) Improvement of operational efficiency including advice on conference practices, cargo consolidation, pooling of resources, etc.;

(iv) Implementation of resolutions and conventions on maritime transport including those adopted under the auspices of UNCTAD with a view to creating the conditions for greater participation of developing countries in world shipping on a competitive basis;

(v) Consultation machinery including advice on the establishment and operation of shippers' councils and of effective consultation between users and suppliers of maritime transport services.

(b) Port management and development

41. Ports play an important role as outlets for international trade. In fact, the functions of ports are increasing as they convert themselves into "service centres" and become one of the driving forces in the development of the trading activities of the country or region.

(i) Objectives to be addressed:

- how to obtain the maximum benefit from existing port facilities;

- how to develop new physical facilities to cope with changing volumes and types of traffic aimed at satisfactory economic results;

- how to develop new port activities and services to exploit trading opportunities and requirements.

(ii) UNCTAD will provide advice and assistance in the following areas:

- port operations, including methods of improving port productivity, impact on ports of technological changes in shipping and equipment operations and maintenance;

- port administration and organization including roles and regulations, financial management, cost control, port pricing and management information systems;

- port planning, including economic feasibility studies, statistics and performance indicators;

- marketing of new activities and services in the port area.

(c) Multimodal transport, containerization and technological development

42. Door-to-door transport services under a single carrier's responsibility are rapidly developing throughout the world using the latest technological developments in transport. Greater participation by competitive transport operators from developing countries in multimodal transport will not only enhance local transport capabilities but will also result in additional revenue sources and will help in the transfer of modern transport technologies.

(i) Advice and assistance to governments, national entities, subregional organizations and commercial parties such as national transport operators and users, etc., should particularly focus on the creation of the necessary institutional, legal and operational environment so as to enable the implementation of multimodal transport and better use of containerization.

(ii) Facilities to study, promote and train nationals of developing countries are particularly available in the following areas of multimodal transport and containerization with regard to inter alia:

- establishment of national trade and transport facilitation committees with the aim of coordinating national and subregional policies and actions (plan);

- modernization and harmonization of national transport regulations including the drafting of model legislation;

- implementation of facilitation measures related to documents and procedures used in international transport;

- identification and elimination of institutional and operational impediments to door-to-door transport; and

- assistance to policy formulation on future transport investments related to multimodal transport.

(d) Management training

43. In recognition of the fact that there is a large demand for trained personnel in developing countries for the efficient development of maritime services, the established training support programmes such as TRAINMAR and IPP will be continued. The aim of these programmes is to enable countries to identify and resolve their own training problems. The need for professional training services at local, national and regional levels is paramount and can be satisfied quickly only through cooperation mechanisms.

44. UNCTAD's TRAINMAR programme helps maritime management training centres of developing countries to run their own training programmes and, by using a common methodology, to cooperate among themselves to expand the quality and quantity of training available. A network approach has been adopted to allow communal programmes to be developed and new centres to join the programme. However, support from UNCTAD is currently very important for quality control and improvement, broadening of scope, and full transition to a human resource development service for management of the entire maritime related industry.

45. UNCTAD and centres of the TRAINMAR network have developed and are ready to deliver training programmes for policy-makers and senior management in the following fields, under the auspices of its TRAINMAR and Improved Port Performance (IPP) training programmes:

- Multimodal transport;

- Container terminal development;

- Management and maintenance of port equipment;

- Port planning;

- Management of container terminals;

- Management of general cargo operations;

- Legal aspects of commercial shipping operations;

- Maritime documentary fraud;

- Use of computerized information systems in shipping management;

- Practical freight forwarding;

- Chartering;

- Strategic planning of shipping operations.

46. On-the-job training in such fields as strategic planning, marketing, chartering, multimodal transport operations, conference negotiations, port management, etc. can also be arranged on request through UNCTAD's JOBMAR programme.

47. Transport efficiency should be further promoted by continued efforts to develop and implement the Advance Cargo Information System (ACIS). This should also cover the need for improved management skills and better utilization of transport equipment.

Notes

1/ See Report of the Group of Experts on Shipping Policy, TD/B/CN.4/6, Geneva 1992.

2/ See Report of the Group of Experts on Multimodal Transport, TD/B/C.4/342, Geneva 1992.

3/ See Report of the Ad hoc Intergovernmental Group of Port Experts on its session, TD/B/C.4/337, Geneva 1990.